

May 18, 2006

BY OVERNIGHT MAIL

Mary L. Cottrell, Secretary Department of Telecommunications and Energy One South Street Station Boston, MA 02110

Re: Petition of Fitchburg Gas and Electric Light Company for

Approval of a Change in the Method by Which the

Company Recovers its Gas and Electric Bad Debt Costs

D.T.E. 05-GAF-P4/06-28

Dear Secretary Cottrell:

Enclosed for filing on behalf of Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil"), please find the original and one copy of Unitil's responses to the Department of Telecommunications and Energy's ("Department") Second Set of Information Requests, DTE 2-1 through DTE 2-3, in the above-referenced docket. Copies of these responses are being provided in the manner instructed.

Please contact me if you have any questions concerning this filing.

Enclosure

cc: Carol Pieper, Hearing Officer (2 copies)

Thomas Carey, Analyst, Rates Division (1 copy)
Mauricio Diaz, Analyst, Rates Division (1 copy)
Alexander Kofitse, Analyst, Gas Division (1 copy)

Colleen McConnell, Assistant Attorney General (2 copies)

Commonwealth of Massachusetts Department of Telecommunications and Energy Fitchburg Gas and Electric Light Company d/b/a Unitil Docket No: D.T.E. 05-GAF-P4/D.T.E. 06-28 Department's Second Set of Document and Information Requests

Request No. DTE-2-1

Please refer to the Company's filing for recovery of electric supply-related bad debt dated February 24, 2006, at Attachment 1. In light of the fact that the Company is seeking recovery of its under-recovered electric supply-related bad debt for calendar year 2005, please explain why the Company has included figures for calendar years 2003 and 2004 in this Attachment.

Response:

Data for calendar years 2003 and 2004 were provided on Attachment 1 of the Company's February 24, 2006 filing in order to demonstrate that, as had been determined with respect to Keyspan's gas supply-related bad debt costs in D.T.E. 03-40, the electric supply-related bad debt recovery methodology adopted in D.T.E. 02-24/25 effectively denied Unitil the opportunity to recover these costs. Accordingly, Unitil submits that its limited request to recover its under-recovered electric supply-related bad debt for calendar year 2005 is reasonable and is consistent with the recovery afforded to Keyspan in D.T.E. 05-66 and Bay State in D.T.E. 05-27.

Person Responsible: Karen M. Asbury Date: May 19, 2006

Commonwealth of Massachusetts Department of Telecommunications and Energy Fitchburg Gas and Electric Light Company d/b/a Unitil Docket No: D.T.E. 05-GAF-P4/D.T.E. 06-28

Department's Second Set of Document and Information Requests

Request No. DTE-2-2

Please refer to the Company's filing for recovery of electric supply-related bad debt dated February 24, 2006, at Attachment 1. Explain whether any recoveries of bad debts associated with the standard offer component for the years 2003 through 2005 have been included on this Attachment. If your answer is affirmative, provide the corresponding amounts for each year.

Response:

Attachment 1 of the Company's February 24, 2006 filing did include recoveries of bad debts allocated to the standard offer component for the years 2003 through 2005. The columns labeled "Recoveries allocated to Default Component" and "Default Component Write-offs, net of recoveries" also included Standard Offer Service, and in retrospect, would have been more appropriately been labeled "Recoveries allocated to Default and Standard Offer Components" and "Default and Standard Offer Service Component Write-offs, net of recoveries".

In the Company's February 24th filing, Default and Standard Offer Service recoveries and net write-offs were netted together. Attachment DTE 2-2, provided in a format similar to Attachment 1 of the February 24th filing, separates the gross and net write-offs, and the recoveries, for Default Service and Standard Offer Service.

Person Responsible: Karen M. Asbury Date: May 19, 2006

Fitchburg Gas and Electric Light Company Electric Division Write-offs

Total Electric Division Write-offs, net of recoveries \$473,963.28 \$615,511.03 \$509,033.18
Standard Offer Component Write-offs, net of recoveries (1) \$33,673.22 \$39,385,62 \$39,264.82
Default Component Write-offs, net of recoveries (1) \$169,573.11 \$271,251.31
Distribution Component Write-offs, net of recoveries \$270,716.95 \$304,874.10 \$253,776.99
Recoveries allocated to Standard Offer Component (1) \$10,399.47 (2) \$18,502.86 (3) \$7,177.51 (4)
Recoveries allocated to Default Component (1) \$12,278.39 (2) \$25,656.02 (3) \$29,622.43 (4)
Recoveries allocated to Distribution Component \$36,781.67 (2) \$51,216.66 (3) \$50,094.83 (4)
Total Recoveries - Electric Division \$59,459.53 \$95,375.54
Total Electric Division Gross Write-offs \$533,422.81 \$710,886.57 \$585,927.95
Total Default & Standard Offer Component Gross Write-offs (1) \$225,924.19 \$354,795.81 \$292,056.13
Standard Offer Component Gross Write-offs \$44,072.69 \$57,888.48 \$46,442.33
Default Component Gross Write-offs \$181,851.50 \$296,907.33 \$245,613.80
Distribution Component Gross Write-offs \$307,498.62 \$356,090.76 \$303,871.82
Year 2003 2004 2005

(1) Standard Offer service ended March 1, 2005; write-offs associated with Standard Offer service are now collected through the Default Service Costs Adder.
(2) Calendar Year 2003 Electric Division recoveries allocated between Distribution, Default, and Standard Offer based on Electric Division Gross Write-offs, Calendar Year 2001:

61.86%	20.65%	17.49%	100.00%	s) Calendar Year 2004 Electric Division recoveries allocated between Distribution, Default, and Standard Offer based on Electric Division Gross Write-offs, Calendar Year 2002:
\$414,498.06	\$138,342.25	\$117,198.50	\$670,038.81	allocated between Distribution,
Distribution Component	Default Service Component	Standard Offer Service Component	Total	(3) Calendar Year 2004 Electric Division recoveries

53.70%	26.90%	19.40%	100.00%
\$236,146.77	\$118,268.86	\$85,309.39	\$439,725.02
Distribution Component	Default Service Component	Standard Offer Service Component	Total

(4) Calendar Year 2005 Electric Division recoveries allocated between Distribution, Default, and Standard Offer based on Electric Division Gross Write-offs, Calendar Year 2003: 57.65% 34.09% <u>8.26%</u> 100.00% \$307,498.62 \$181,851.50 \$44,072.69 \$533,422.81 Distribution Component
Default Service Component
Standard Offer Service Component
Total

Commonwealth of Massachusetts Department of Telecommunications and Energy Fitchburg Gas and Electric Light Company d/b/a Unitil Docket No: D.T.E. 05-GAF-P4/D.T.E. 06-28 Department's Second Set of Document and Information Requests

Request No. DTE-2-3

Please refer to the attachment to the Company's response to DTE-1-1. Please provide the derivation of the \$405,501.00 bad debt expense amount appearing in the last column of the first line.

Response:

\$405,501 is the Electric Division 2001 test year total bad debt expense approved in the Company's last base rate case, DTE 02-24/25. Please refer to Attachment DTE 2-3 for a derivation of this amount. Attachment DTE 2-3 is Schedule MHC-7-8 (Electric) from the December 19, 2002 compliance filing in DTE 02-24/25.

Person Responsible: Karen M. Asbury Date: May 19, 2006

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY BAD DEBT EXPENSE ADJUSTMENT FOR THE 12 MONTHS ENDED DECEMBER 31, 2001
--

Fitchburg Gas and Electric D.T.E. 02-24/25 Schedule MHC-7-8 (Electric)

AMOUNT								405,501	140,790	264,711	615,217	(\$350,506)
					0.63%		64.271.076		LESS RECOVERED THROUGH SOS & DEFAULT SERVICE AT 34.72% (1)	ERVICE	ш.	
REVENUE	\$52,118,393	51,333,592	62,926,301	166,378,286			62,926,301 1,344,775	0.63% X 2001 NORMALIZED REVENUES	ED THROUGH SOS & [BAD DEBT EXPENSE FOR COST OF SERVICE	LESS: TEST YEAR BAD DEBT EXPENSE	DECREASE IN BAD DEBTS EXPENSE
NET WRITE-OFFS	\$273,216	291,535	484,968	1,049,719	A % OF FIRM REVENUE		OM RATE CASE	0.63% X 2001 N	LESS RECOVER	BAD DEBT EXPE	LESS: TEST YEA	DECREASE IN B
YEAR	1999	2000	2001		BAD DEBT EXPENSE AS A %	2001 NORMALIZED REVENUE:	ACTUAL REVENUE REVENUE INCREASE FROM RATE TOTAL NORMALIZED REVENUES					

(1) 34.72% PER DTE STAFF